

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6964

BILL NUMBER: SB 394

DATE PREPARED: Jan 31, 2002

BILL AMENDED: Jan 31, 2002

SUBJECT: Guaranteed Energy Savings Contracts.

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FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill makes certain changes in the guaranteed energy savings contracts law used by school corporations and political subdivisions. It provides that actual savings may include stipulated savings that are documented by industry engineering standards, and that causally connected work is work that is required to properly implement an energy conservation measure. The bill provides that an energy conservation measure may include future labor, contracted services, and related capital expenditures. It also requires a governing body to file a copy of an executed contract and other information with the Department of Commerce. The bill provides that stipulated savings may be used in determining actual savings for various energy conservation measures. The bill also requires a contract that includes stipulated savings to specify the methodology used to calculate the savings using industry engineering standards. It provides conditions under which improvements that are not causally connected to an energy conservation measure may be included in an energy savings contract.

Effective Date: (Amended) Upon passage.

Explanation of State Expenditures: (Revised) The bill requires that a copy of the energy saving contract, energy consumption costs before the contract, and documentation on stipulated savings and related capital savings be sent to the Department of Commerce within 60 days of the execution of the contract. The Department would have minimal administrative costs associated with processing the additional information.

The new definitions should help the State Board of Accounts in performing audits of the contracts.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) The fiscal impact is indeterminable, but probably minor. Some additional costs may occur from the generation of the report of energy consumption costs before the contract is executed and documentation on stipulated savings and related capital savings in the contract. The

bill clarifies the current energy savings law and provides that a copy of the energy saving contract and other documentation has to be sent to the Department of Commerce.

It is unknown if the new definitions would have any impact on the number of future energy saving contracts.

Explanation of Local Revenues:

State Agencies Affected: Department of Commerce, State Board of Accounts.

Local Agencies Affected: Local civil units, school corporations.

Information Sources: Richard Rowley, Department of Commerce, (317) 232-8800.